

**US DEPARTMENT OF HOMELAND SECURITY  
TRANSPORTATION SECURITY ADMINISTRATION  
HUMAN RESOURCE MANAGEMENT POLICY**

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**HRM LETTER 575 – 2**

**DATE: October 4, 2004**

**SUBJECT: Revised Interim Policy on Recruitment and Relocation Bonuses, and Retention Allowances**

**This letter revises HRM LETTER 575-1, November 15, 2002, to include provisions for awarding retention allowances.**

**1. COVERAGE**

This policy applies to all Transportation Security Administration (TSA) employees.

**2. RECRUITMENT AND RELOCATION BONUSES**

**a. Approval and Payment Procedures.**

**1) General**

- (a) The TSA may pay a recruitment or relocation bonus of up to 25 percent of basic pay. (Basic pay is the rate established for the position, exclusive of additional pay of any kind, including locality pay.)
- (b) A request for a recruitment or relocation bonus must be based on a written determination that, in the absence of such a bonus, TSA would encounter difficulty filling a position with a highly qualified candidate. The written determination, based on the criteria below, must be made before the employee enters on duty in the position for which recruited (recruitment bonus) or for which a relocation bonus is warranted. A recruitment bonus may only be paid to an individual appointed for the first time in the civilian service of the Federal Government, regardless of tenure, or a subsequent appointment after a break in service of at least one year.
- (c) While groups of positions that have been difficult to fill in the past, and may continue to be difficult to fill in the future, may be targeted as recruitment or relocation bonus positions, any determination to pay a bonus must be made on a case-by-case basis.
- (d) Before a recruitment or relocation bonus may be paid, the recipient must sign a written service agreement, providing that the employee will serve with TSA for no less than 12 months, and that if the employee voluntarily separates from TSA during that period, he or she will be indebted to TSA for a prorated amount of the bonus.

**2) Criteria**

In determining whether a recruitment or relocation bonus is appropriate, and the amount of the bonus, the following factors must be considered:

- (a) The success of recent efforts to recruit highly qualified candidates for similar positions, including indicators such as offer acceptance rates, the proportion of positions filled, and the length of time required to fill similar positions;
- (b) Labor-Market factors that may affect the ability to recruit highly qualified candidates for similar positions now or in the future;
- (c) Special qualifications needed for the position; and

- (d) For a recruitment bonus, the success or lack thereof, of attracting highly qualified applicants by offering pay above the minimum rate of the pay band.

b. Payment of bonus

1) Percentage Determination

A recruitment or relocation bonus shall be calculated as a percentage of the employee's rate of basic pay not to exceed 25 percent. A recommending official must consider the criteria in paragraph 2a.2) above when determining the bonus amount.

2) Approval

Each recruitment or relocation bonus request must be submitted to the appropriate Assistant Administrator or Office Director for review. The request must be in writing and include a justification based on the criteria outlined above. Upon approval by the appropriate Assistant Administrator/Office Director, the request shall be forwarded to the Assistant Administrator for Finance and Administration. A recruitment or relocation bonus may not be paid until approved by the Assistant Administrator for Finance and Administration, or his or her designee.

3) Payment

- (a) A recruitment or relocation bonus is paid in a lump sum. Payment should be made within 2 pay periods after the affected employee enters on duty or relocates.
- (b) Recruitment and relocation bonuses are not considered part of an employee's rate of basic pay, but are subject to Federal income tax.

c. Service Agreement

The employee must sign a service agreement to remain with TSA for 12 months.

d. Recovery of a Recruitment or Relocation Bonus

- 1) If an employee separates for reasons other than involuntary separation – a separation initiated by TSA against the employee's will and without his/her consent for reasons other than cause – the employee will be indebted to TSA for a prorated amount of the bonus, and it must be collected under established debt collection procedures.
- 2) To determine a separated employee's indebtedness to TSA, divide the total amount of the employee's recruitment bonus by 12. Subtract the number of full months of the service obligation completed, and multiply the remainder by the amount representing the monthly bonus.

The following illustrates the computation:

An employee, who received a \$12,000 recruitment bonus and incurred a 12-month service requirement, separates after 7 months 20 days of service. To compute the employee's indebtedness, divide the \$12,000 bonus by 12 to arrive at a \$1,000 monthly bonus. Only full months of service are counted to compute the indebtedness, so subtract 7 from 12. This results in the employee having 5 months remaining on his or her service obligation at the time of separation, and a debt to TSA of \$5,000 (5 X \$1,000).

e. Waiver

A request for waiver of indebtedness may be considered, and must be sent to the Assistant Administrator for Finance and Administration. Waiver in whole or in part may be granted only after a determination is made that recovery would be against equity and good conscience or against the public interest.

**3. RETENTION ALLOWANCE**

**a. Conditions of Payment**

- 1) TSA may pay a retention allowance to an employee, or group of employees, if the employee is likely to leave the *Federal service* for any reason.
- 2) TSA may not pay a retention allowance to an employee who is likely to leave his or her position for employment in the executive, legislative, or judicial branch of the Federal Government, including another position within TSA.
- 3) TSA may not offer a retention allowance to an individual (or authorize the payment of such an allowance) prior to the individual's employment with TSA.
- 4) TSA may not begin payment of a retention allowance during a period of employment established under a service agreement required for payment of a recruitment or relocation bonus. However, after retention allowance payments have commenced, a relocation bonus for movement to another geographic location may be paid without affecting the retention allowance.

**b. Considerations - Individual and Group.**

Each retention allowance paid will be based on a written determination that the unusually high or unique qualifications of the employee or a special need of TSA for the employee's services makes it essential to retain the employee and that, in the absence of such an allowance, the employee would be likely to leave federal service. This determination will be based on a written description of the extent to which the employee's departure would affect TSA's ability to carry out an activity or perform a function essential to its mission. For group retention allowances the same written determination must be made. The targeted group will be narrowly defined using factors such as occupational series, band level, distinctive job duties, unique qualifications, assignment to a special project, organization or team designation, geographic location and performance level. In determining whether a retention allowance, including group retention allowances, should be paid and the amount of such payment, the following factors should be considered:

- 1) The success of recent efforts to recruit candidates and retain employees with qualifications similar to those of the employee for positions similar to the employee's position;
- 2) The availability in the labor market of candidates for employment who could perform the full range of duties and responsibilities assigned to the position held by the employee;
- 3) The impact on mission accomplishment/security if individual or group of employees leaves; and

4) The likelihood that the individual or group of employees will leave in the absence of a retention allowance based on such factors as the demand in the private sector for the employees' skills, and any salary gap between the employees' TSA salary and private sector salaries for similar occupations.

5) Other available options, if any, that were considered.

**c. Payment - Individual and Group.**

1) The maximum individual allowance will not exceed 25 percent of the employee's rate of basic pay. Generally, the maximum retention allowance for a group or category of employees will not exceed 10 percent of basic pay.

2) The following requirements apply to payment of retention allowances:

(a) A retention allowance may not be authorized for an employee to the extent that the allowance, when added to the annual rate of all other continuing payments such as locality pay, law enforcement availability pay, premium pay, awards, etc., to which the employee is entitled, would cause the annual rate of all payments to exceed the rate then payable for level I of the Executive Schedule.

(b) An employee receiving a recruitment bonus or relocation bonus must complete the period of service requirement before a retention allowance may be paid. However, a relocation bonus may be paid to an employee already receiving a retention allowance.

3) A retention allowance may be continued as long as the conditions giving rise to the original determination to pay the allowance exist. The appropriate Assistant Administrator, Office Director, or designee, will review each allowance determination at least annually to determine if payment is still warranted. The approving Assistant Administrator, Office Director or designee, will certify this determination in writing.

**d. Approval**

Each retention allowance request must be submitted to the appropriate Assistant Administrator or Office Director for review. The request must be in writing and include a justification based on the criteria outlined in paragraph 3.b.above. Upon approval by the appropriate Assistant Administrator or Office Director, the request shall be forwarded to the Assistant Administrator for Finance and Administration. A recruitment or relocation bonus may not be paid until approved by the Assistant Administrator for Finance and Administration, or his or her designee.

**c. Termination or Reduction**

A retention allowance must be reduced or terminated in the following circumstances:

1) If it appears the individual's estimated aggregate compensation is going to exceed the rate for level I of the Executive Schedule at the end of the calendar year;

2) If a determination is made that a lesser amount (or none at all) would be sufficient to retain the employee (or group of employees);

3) If labor-market factors make it more likely (or reasonably likely) to recruit a candidate with qualifications similar to those possessed by the employee (or group of employees) at a lesser rate of pay;

- 4) If TSA's need for the services of the employee (or group of employees) has been reduced to a level that makes it unnecessary to continue payment at the level originally approved (or at all); or
- 5) If budgetary considerations make it difficult to continue payment at the level originally approved (or at all).

The reduction or termination of a retention allowance may not be grieved or appealed.



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